App. F. IX-4

CB 113-37 (11-16)
Previous References

Reserve

1932. (SA)

File No. 45/37

Serial Nos. 405

Rd 90-31 (63 64)
Later References

General and Revenue Secretariat.

Serial Nos. 700

Part B for December 1932

SUBJECT.

Exemption to be allowed to Mr. A. A. Khan Agent Mysore Rys. from the enhanced rate of Income Tax

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Rlr) To Comptroller (Rt 3482 d) 23. 12. 32

States over Tank is no order of the Mysore Govt for the above etc

11/1/33

Serial No.

Letter no 102 D/ 3.11.1932 from the Comptroller requesting orders in regard to exemption to be allowed to Mr. A.A Khan, Agent and Secretary, Mysore Railways from the payment of enhanced rate of Income Tax.

For the Income Tax rates in British India prior to enhancement and subsequent thereto kindly refer to Schedule II and Schedule IV respectively in the Manuals of Income Tax of 1929 and of 1931. For the same in Mysore kindly see Statement flagged N in Legis. Collection 58-30-163.

Mr. Khan's Salary is decided to be subject to a cut of 10% in accordance with Govt. of India Memorandum D/ 26.4.1932 according to which Officers in Foreign Service should make an offer of an amount equal to the amount their pay would have been reduced had they not been in Foreign Service and were in receipt of pay in Foreign Service Since if he were in his own place under Govt of India, he would have been exempted from the (new

CB 113-31-8610
Flag O

NOTE—Contn. Sheet.

Income Tax or) Surcharge on existing taxes contained in the Finance Act (Vide Flag P. being Finance bill) Mr. Khan thinks that he should be entitled to a relief in the Salary Cut to the extent of the enhanced Income Tax in Mysore. It is very doubtful if this is permissible for the following reason.

Were Mr. Khan not in Foreign Service his salary of Rs 1900/- should have undergone a cut of Rs 190/- and in addition he should have paid Income Tax of Rs 162 (at the normal rate of one anna, seven pies in the rupee on an income of Rs 1,636) But here the amount of income tax he has to pay under the revised enhanced rate is Rs 76-11-0 only. In Mysore the revision of income tax rates and the Salary Cut are independent of each other and ~~it~~ Mr. Khan's request cannot perhaps be complied with. ~~He might have had a case~~ His argument contention would perhaps have been

Serial No.

all right ~~to were~~ if he were paying Income tax at the British Indian rate.

M
30.11.32

Mr. Khan's contention is that he should be exempted from the payment of increased rate of Income tax in Mysore during the period the cut in salary is in force, on the analogy of exemption granted in British India to the employees of Govt. & the State owned railways.

In British India rates of income tax are determined every year by a Finance Act. The rates for the year 1931-32 were fixed in the Finance Act of 1931 issued in March. These rates were higher than the rates in force in the previous years. A Supplemental Finance Act (known as the Supplementary & Extending Act, 1931) was introduced about the end of 1931 by which certain provisions of the Finance Act of 1931 were extended up to the end of the year 1932-33 & a surcharge of 12½ percent + 25% on income-tax was imposed for the years 1931-32 & 1932-33 respectively; ~~as~~ also income tax on incomes between Rs 1000 & 2000 was levied. As during this period the 10 percent salary cut has been brought into effect the Govt. of India have afforded a concession whereby the 10 percent cut in salary was to include the additional Surcharge on income-tax. No exemption seems however, to have been granted in regard

NOTE—Contn. Sheet.

WD 70—GBPM—60,000—13-8-31.

to the payment of higher rates of income-tax introduced in the Finance Act of 1931 subsequently extended to the year 1932-33 also.

In Mysore, unlike in British India, the rates are permanent & continue to be in force until amended by an amending Regn. In the year 1931, the I.T Regn of 1923 was amended altering the Schedule of rates of income tax & Super-tax. The change is a permanent one & the salary cuts introduced are only temporary. As no exemption is being enjoyed by the British Indian officers in regard to the payment of higher rates of income tax according to the Finance Act, 1931, no exemption can be claimed by Mr. Khan from the payment of higher rates introduced by the amending I.T Regn of 1931.

The Residency may perhaps be addressed as proposed by the Comptroller.

W 2/12/32

Finl Secy) AM 7/12

If he had been in British India Mr.Khan would have ~~xxx~~ had to pay Income-tax at 19 pies in the Rupee, under schedule IV of the Finance Act of 1931 (with effect from 1-4-1931) and in addition the 10 per cent salary cut. The 10% salary cut would include the surcharge of 12½% of the Income-tax levied as an emergency measure under a supplementary Act ~~at the end of the year 1931~~.

In Mysore the rate of Income-tax he has to pay is only 9 pies in the Rupee. There is no rule providing for any portion of this being included in the 10% salary cut nor have the Government of India said anything about taking into account any enhanced Income-tax which may have been levied by the Native States, while issuing their

Serial No.

Flag F.

DEWAN'S OFFICE
15. DEC. 1932
3576.

their order that lent officers should submit to the salary cut of 10%.

3. As Mr.Khan will not be ~~more~~ worse off than what he would have been if in British India and as there is no provision to that effect, the 10% salary cut in his case should be over and above the Mysore Income-tax at 9 pies in the Rupee which he is paying. The Comptroller may be informed accordingly. There is no need to make any reference to the Government of India as suggested by him.

In this connection reference is invited to para 16 of G.F.File No.90 of 31 (Flag ~~F~~.), where a similar view has been held in dealing with a/~~the~~reference from Sir Charles Todhunter.

Dewan)

15/12

15/12

A- Agree

16 12 32

Submitted with a draft reply to the Comptroller.

16/12

16.12.32

For perusal of the draft before issue

Fin' Secy)

17/12

20/12/32

Issue

23/12

STAMPING SECTION
22 DEC. 1932
GENL. & REVENUE SECTT.

No. Fl. 3482 D 23.12.1932 to the Comptroller states that the Salary cut in the Case of Mr. Khan should be over and above the Mysore Income Tax

NOTE.—Contn. Sheet.

23/12

WD 70—GBPM—60,000—13-8-31.

FINANCIAL BRANCH
1408
8 NOV. 1932
GENL. & REV. SECTT.

OFFICE OF THE COMPTROLLER TO THE GOVERNMENT
OF HIS HIGHNESS THE MAHARAJA OF MYSORE.

No. 102/14 *Bangalore, dated* 3rd November *1932.*

From

M. VENKATESA IYENGAR, Esq., M.A.,
Comptroller to the Government of
His Highness the Maharaja of Mysore,
Bangalore.

To

S. Shamanna, Esq., B.A.,
Financial Secretary to the Govt. of Mysore,
Bangalore.

940

Sir,

I have the honor to forward herewith a copy of letter No.E.A. 622 dated 27th October 1932 from the Auditor, Mysore Railways, Mysore, together with copies of enclosures received therewith in regard to exemption to be allowed to Mr. A. A. Khan, Agent and Secretary, Mysore Railways, from the payment of enhanced -- rate of incometax. Whether relief is admissible in the case depends on the manner in which the rules regarding salary cut are applied in the service from which Mr. Khan ~~is~~ services are loaned and it is perhaps necessary to address the Residency to get information from the Administration of the E. I. Railway in the matter. I request that you will be so good as to place the case before Government and communicate their orders as early as possible.

I have the honor to be,
Sir,
Your most obedient servant,
M. Venkatesaiyengar
Comptroller.

Letter No. E.A.622 dated 27th October 1932 from the Auditor, Mysore Railways, to the Comptroller to the Govt. of Mysore, Bangalore.

Adverting to your letter No. 79/Rys dated 26-9-1932 re: emergency cut in salary of Mr. A. A. Khan, I have the honor to enclose herewith a copy of the letter No. 3632 dated -- 24-10-32 from the Agent stating that the salary cut of Rs 190/ should have been reduced by Rs 34-8-0 being the amount of increase in income-tax as a result of the revision of Income-tax rules made in July 1931 in Mysore, on the analogy of the exemption from the payment of increased rate of incometax allowed in the case of British Indian Officers subject to -- salary cut. (Vide Government of India communique dated - - 4-11-1931 copy of which is enclosed herewith). Mr. Khan argues that the cut imposed in his case is on the same - - conditions as are obtaining in British India and that therefore he is entitled to an exemption from the payment of the enhanced rate of Incometax. Prior to July 1931 a deduction of Rs 42-1-0 was being effected in his salary every month -- towards income-tax at the rate of 4½ pies per rupee and since then he has been paying an income-tax per month of Rs 76-11-0 at 9 pies per rupee, the difference on account of the - - increase in the rate of tax in July 31 being Rs 34-10-0. There is no order of our Government to exempt the salary of any officer in Mysore from the operation of the revised -- Incometax rules and in these circumstances it is doubtful if his claim for the reduction of the salary cut by the -- increased amount of income-tax is admissible in the State. Since however he bases his claim on the Government of India orders, it would perhaps be desirable to consult the Chief Accounts Officer, E. I. Railway as to the applicability of the same in Mr. Khan's case. If the benefit of the higher rate of Incometax is to be given under salary cut, then the

amount of the contribution payable by our Government towards his leave allowances will be increased by a sum of Rs ~~6-12-0.~~ 5-12-0.

However until receipt of definite instructions from you in the matter, deduction will continue to be - - effected from Mr. Khan's salary at the rate of Rs 190/- per month and leave contribution reduced by Rs 31-11-0 only as per the letter of the Chief Accounts Officer, E. I. Railway.

Copy

J. Lr. Emmanuel Muttey.

Superintendent
Comptroller's Office.

Copy of letter No.3632 dated 24th October 1932 from the Agent, Mysore Railways, Mysore, to the Auditor Mysore Railways, Mysore.

Your disallowance list No.E.A. 13/155 dated 15-10-32 on the supplemental salary bill of Agent for Septr.32

In continuation of this office letter No. 3595 dated 21-10-32 on the subject, I beg to observe that while - - effecting the salary cut of Rs 190/- on Agent's salary, you have retained the amount of Income-tax recovered in this office viz 76-11-0. In British India exemption is given for ~~xxxxx~~ increase in income-tax or surcharge to be imposed on account of the revision of income-tax rules, Vide - Government of -- India communique dated 4-11-1931, copy enclosed. The cut imposed in my case is on the same conditions as are obtaining in British India.

According to this, the salary cut of Rs 190/- should have been reduced by Rs 34-8-0 being the amount of increase in -- income-tax as a result of the revision of incometax rules -- made in July 1931.

I shall therefore be glad if you will kindly arrange to refund the excess amount of Rs 34-8-0 recovered or advise if this amount may be short drawn in the current month's salary bill under cut in salary.

An early reply is requested.

Copy

D. Cr. Srinivasachar

Superintendent
Comptroller's Office.

Communique

New Delhi, Dated the 4th November 1931

The Government of India, have with the approval of the Secretary of State, decided to adopt the following scale for the temporary reduction in pay in the two principal commercial departments under them, the Railway and the Posts and Telegraphs. It will be applied without exception to all pay and allowances for the nature of pay of all Government employees in these Departments including daily rated employees -

Where the pay and allowances of the nature of pay.	Reduction
1. do not exceed Rs 30/- per mensem	Half anna in the rupee for every completed rupee
2. exceed Rs 30/- per mensem but do not exceed Rs 83-5-4 per mensem	One anna in the rupee for every complete rupee
3. Exceed Rs 83-5-4 per mensem	10 per cent.

The Board of Directors of the State owned Company managed Railways have given an assurance that they are prepared to co-operate generally in this scheme for a temporary reduction in pay. The employees of Government and of State Owned -- Company - managed Railways to whose emoluments it is applied will be exempted from the new Income-tax or surcharge on -- existing taxes on income proposed in the Finance bill.

The temporary reduction will come into force on such date as may be fixed for a temporary reduction in the pay and -- allowances of other Government servants; and unless cancelled earlier, will terminate with the pay earned for March 1933. Provident Fund bonus and gratuity will continue to be calculated on the rates of pay which would have been drawn apart from the temporary reduction; and all employees to whose emoluments the temporary reduction is applied will be given the option of contributing to their Provident Fund either on their pay or on their reduced pay.

The temporary reduction will not operate to effect adversely

the pension of any person and all pensions will be calculated as if the reduction had not been made. The temporary reduction will be applied to leave salary during leave on full or average pay but not to other leave salary.

Copy

J. Lr. Simpson

Superintendent
Comptroller's Office.

H 3482 23 12 32
S/A 45325

The

The Comptroller to Government,

Bangalore.

With reference to your letter No.102/Spl.dated 3rd November 1932 in regard to the exemption to be allowed to Mr.A.A. Khan, Agent and Secretary, Mysore Railways from the enhanced rate of Mysore Income tax, I am directed to state that as there is no order of the Mysore Government providing for the inclusion of any portion of the income tax paid by officers in the salary cut they are subjected to, and as even by payment of Mysore incometax Mr. Khan will not be worse off than he would have been if he were in British India the ten per cent salary cut in his case - should be over and above the Mysore Income tax which he is

now paying.

I have the honour to be,

Sir,

Your most obedient servant,

Sd. S. Shamanna.

Financial Secretary to Government.

TD.3.

Memo,No. FC 3073

Dated,Bangalore the 23 December 1932.

Copy of the above is forwarded with compliments to the ~~Secretary~~ Agent & Secretary,Mysore Railways.

By order,

Financial Secretary to Government

TD

22.12.32

ppendix F G–1]

SUBJECT.....

Section S&A

File No. GS. 32

Serial No. 5

Diary No. of letter replied to.....

No. H 3482

To The Comptroller

General and Revenue Secretariat

( )

the *193* .

Date of issue 23/12/32

Signed by M Asad

Sir

With reference to your letter no 102/Spl. D 3.11.1932 in regard to the exemption to be allowed to Mr. A. A. Khan, Agent and Secretary, Mysore Railways from the enhanced rate of Income Tax, I am directed to State that as there is no ~~Salary provision to that effect~~, the ten per cent Salary cut on ~~this~~ Care should be over and above the ~~Mysore~~ Income Tax which

ordering ~~the~~ the Superintendent ~~to exclude~~ any portion of the income tax paid by officers in the salary cut they are subjected to, and as even by payment of ~~the~~ income tax ~~of the~~ Mr Khan will not be worse off than he would have been if he were in British India.

(Omit during further reference)

List of enclosures.....

Copied by.....

Examined by.....

23/12/32

3 Copies

he is now staying

I have etc.

for Financial Secretary

20/12/32

for 17/12

H 3483 of 28/12/32

16.12.32

17

Copy to Agent & Secretary
Mysore Railways.